



Bethlehem
Blight
Betterment
Initiative

Prepared for the
City of Bethlehem
2018



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Bethlehem Blight Betterment Committee

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Community Action Committee of the Lehigh Valley
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Bethlehem Planning Commission
Bethlehem Fine Arts Commission
South Side Vision
Bethlehem Redevelopment Authority

The preparation of this report was financed in part through a Municipal Assistance Program grant as administered by the Governor's Center for Local Government Services, Pennsylvania Department of Community and Economic Development.

Executive Summary

Bethlehem has a rich history rooted in industry and innovation. From its first settlers of Moravian craftsmen, to its heyday of iron and steel production, the city has continuously held a reputation for production. Bethlehem Steel built much of America, including the Golden Gate Bridge, the Manhattan skyline, and the Hoover Dam. Throughout the 20th century, the city's name was eponymous with the Bethlehem Steel Corporation. When Bethlehem Steel closed its doors in 1998, many believed the city would wither like so many other industrial cities. However, the city did not falter, and in the past twenty years, has diversified its economy into one of the strongest in the country.¹ Manufacturing remains strong, while sectors like Education, Health Care and Real Estate are prominent and growing. While Bethlehem has largely succeeded in reinventing itself in the wake of Bethlehem Steel's closure, the city continues to face a number of challenges to maintain the health and vibrancy of its neighborhoods.

In this spirit, the City of Bethlehem has embarked on a process to address two issues residents deeply care about – blighted properties and neighborhoods in decline. It is a part of the City's long-term vision to protect and preserve Bethlehem's history while planning for balanced growth. Blight is not yet a rampant issue; there are 29 properties officially designated as blighted, and an estimated 1% of properties that qualify as blighted based on field surveys. But the community recognizes that blighted buildings deter investment and detract from the value and beauty of well-maintained homes. If left unchecked, blight can lead to further neighborhood decline and the loss of residents. To fight blight and ensure the health of neighborhoods, the City and its partners developed the Bethlehem Blight Mitigation and Remediation Plan.

To develop the plan, the City launched a comprehensive community engagement process that included representatives from city and county governments, non-profits, institutions, and the private sector. These stakeholders formed the Bethlehem Betterment Blight Initiative and their contributions were essential to the development of a realistic plan to prevent neighborhood decline and eradicate blight. Over an eight-month period, four overarching goals were identified to guide the City's efforts: 1) Stabilize deteriorating neighborhoods; 2) Improve housing conditions; 3) Provide consistent and transparent code enforcement and incentive for repairing and/or stabilizing properties; and 4) Effectively use limited resources. These goals framed the recommendation of 17 action items whose collective implementation will require ongoing and sustained collaboration between the City, City Council, County governments, and non-governmental organizations in the private sector. These recommendations were identified by reviewing best practices, existing legal tools, and a robust analysis of demographic and market data.

The development of this plan along with the collective commitment to its implementation from those engaged in its development represent Bethlehem's resiliency and foresight. The plan takes advantage of the city's positive economic growth and strong community ties to address blight now before the problem worsens, supporting the city's continued revitalization.

¹ According to the Lehigh Valley Economic Development Corporation, the Lehigh Valley MSA had a \$39.1B GDP in 2016, placing it in the top 20th percentile of all major metro areas in the U.S.



Introduction

In September 2017, the City of Bethlehem began an eight-month planning process to develop a Blight Remediation and Mitigation Plan (“the Plan”) to address blighted properties and disinvested neighborhoods at risk of further decline. The purpose of the Plan is twofold: first and foremost, the Plan establishes a regulatory and legal framework for restoring properties that are blighted or showing signs of deterioration; and second, the Plan will be a tool to develop commitment from the City's partners to tackle blight and invest in struggling neighborhoods by working together through community-driven projects.

In the years leading up to the Plan, the City of Bethlehem and its community partners have noted several challenges to addressing blight. First, the process for certifying a property as blighted was cumbersome and time-consuming, requiring proceedings before the Blighted Property Review Committee (BPRC), the Planning Commission, and the Redevelopment Authority. The process was somewhat streamlined in 2016 while additional notice requirements were added to protect the rights of the owner, but it remains a lengthy process.

Second, the data management systems currently used to record and track code inspections are outdated and inefficient, and will need to be updated when the City implements a revised inspections process. Third, the hesitation of county judges to enforce code violations or ensure payment of a judgment has made it difficult to ensure owners take the requisite action to bring their property up to code. And lastly, existing market conditions may not always support investment in a blighted property; the City recognizes it will need to develop a process for prioritizing its limited resources based on market demand, private partners, and the City's long-term goals.

The City's Department of Community and Economic Development contracted with Reinvestment Fund to develop the Plan. The Reinvestment Fund Team (the Team) includes May 8 Consulting, a social-impact consulting firm that specializes in blight solutions, and Atria Planning LLC. The process to create the Plan included extensive committee meetings, field surveys, review of the existing regulatory and legal framework, and a Market Value Analysis (MVA).² Public meetings were held monthly at the Bethlehem Area Public Library and included a wide range of representatives from the public, for-profit, and non-profit sectors with an interest in blight mitigation and community development. This group of stakeholders (“the B3 Committee”) informed the Bethlehem Blight Betterment Initiative and provided extensive feedback throughout the process. The recommended strategies presented in the Plan coalesce key findings from the MVA, a review of existing legal and community development tools, a review of those legal and community development best practices that could be applied in Bethlehem, and extensive feedback from the B3 Committee.

Without the sustained support of the City, City Council, the Counties, and local institutions, the City's plan to adopt a data-driven approach to blight mitigation and remediation will remain unfulfilled.

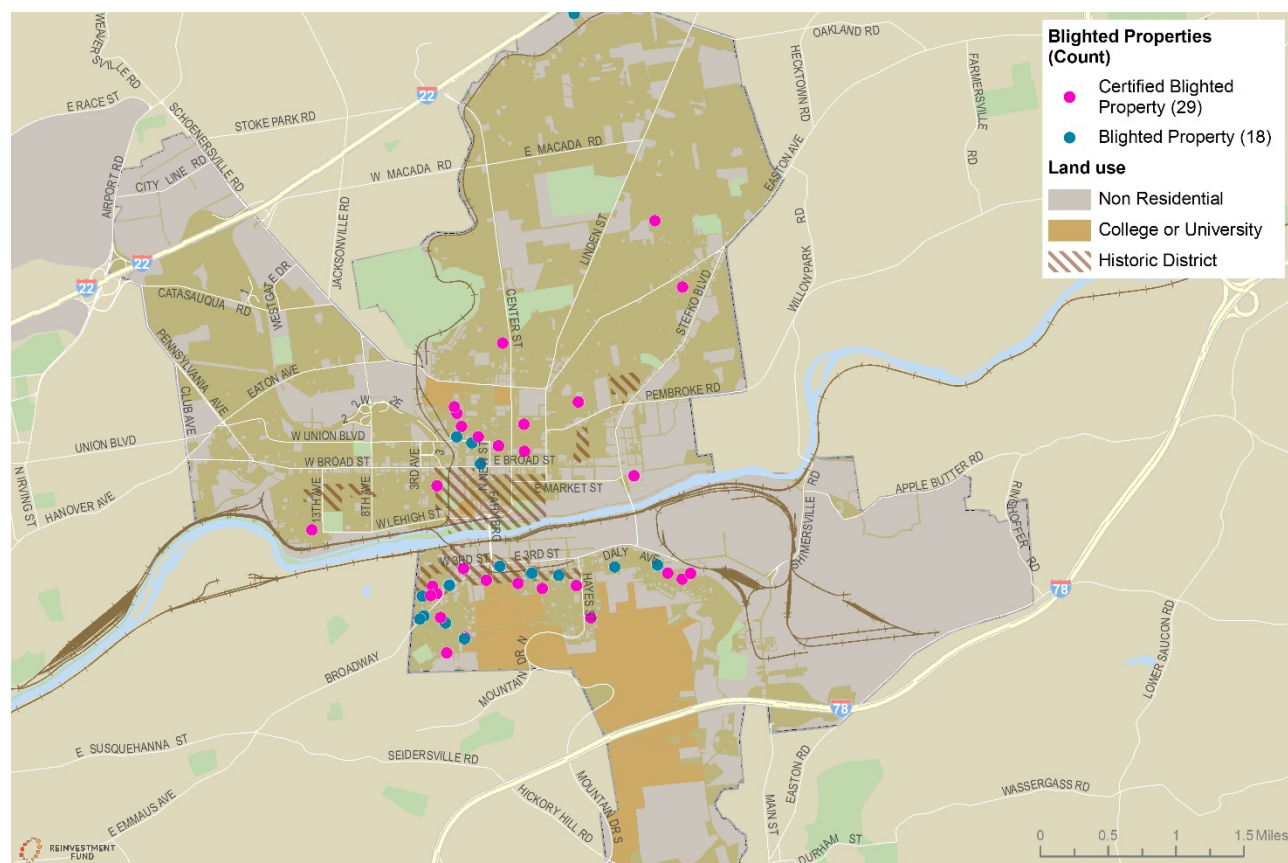
² Reinvestment Fund's MVA is a proprietary analysis of real estate market conditions that identifies the health and vitality of various markets throughout the city based on in-depth research of property, demographic, and financial data.

Existing Conditions

Bethlehem is a mid-sized city in the Lehigh Valley within the Allentown-Bethlehem-Easton Metropolitan Statistical Area (MSA). According to the 2016 5-Year American Community Survey (ACS), it has a population of approximately 75,000, making it the seventh largest city in Pennsylvania. As the former production hub for Bethlehem Steel, the city was once known as a manufacturing town, but with the decline of steel manufacturing and ultimate plant closure in the late 1990s, the city is now known for its higher education and health care services.³

Despite the downturn in manufacturing, Bethlehem has largely maintained its population since its peak in 1960. In recent years, the economy has generally tracked statewide trends, and Bethlehem continues to offer affordable, maintained homes to middle-class families. However, remnants of post-industrial decline are still visible throughout the city. Distressed properties surround Lehigh University and the downtown historic district, with about three-fourths of certified blighted properties located in these neighborhoods (See Figure 1 and Appendix B for a list of blighted properties).⁴ In addition, distressed commercial districts along Broad Street in West Bethlehem and to the East of the historic district have negatively impacted residential properties adjacent to these areas.

Figure 1: Blighted Properties in Bethlehem (as of April 2018)



³ 2012 Economic Census data provided by the U.S. Census, www.factfinder.census.gov

⁴ In 2012, the City of Bethlehem completed a blight study that identified regions of the city that demonstrated significant blighting influences.

The City of Bethlehem recognizes the potential for these blighting influences and neighborhood stressors to spread, adversely affecting the quality of life and leading to costly interventions in the future. Figure 2 presents the City's redevelopment activities, as of November 2017.

Figure 2: City Investment by Project Type (as of November 2017)



Legal Framework

Bethlehem has ten key laws in place that are designed to prevent or eliminate problem properties and ensure the basic quality of buildings. Below is a discussion of each of these 10 key laws or programs, which City department is responsible for enforcement, what fees and penalties they impose, and how many properties are cited annually under each law.

1. International Property Maintenance Code (Article 1733)

- a. **Law:** Imposes minimal standards for property exteriors
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** None
- d. **Penalty:** First violation \$200 and/or 30 days imprisonment to 3rd violation \$1,000 and 90 days imprisonment
- e. **Consistent Proactive Inspection:** No, complaint driven
- f. **Number of Properties Cited Annually:** 49 in 2016, 79 from January to October 2017
- g. **Types of Properties Cited:** Residential

2. Regulated Rental Unit Occupancy (Article 1739)

- a. **Law:** Imposes standards on the condition of housing with three to five unrelated tenants
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** \$60 per residential rental unit plus \$10 per occupant with a maximum of five occupants per year
- d. **Penalty:** First violation \$200 and/or 30 days imprisonment to 3rd violation \$1,000 and 90 days imprisonment
- e. **Consistent Proactive Inspection:** Consistent and proactive
- f. **Number of Properties Cited Annually:** 53 in 2016 and the first half of 2017
- g. **Types of Properties Cited:** Any rental housing with three to five unrelated persons

3. Registration of Rental Properties (Article 1731.03)

- a. **Law:** Imposes requirement on property owners to register housing rental units
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** \$100-\$200 per inspection/\$75 for reinspection
- d. **Penalty:** Fine of up to \$1,000 and/or 90 days imprisonment
- e. **Consistent Proactive Inspection:** No, complaint driven
- f. **Number of Properties Cited Annually:** Approximately 50
- g. **Types of Properties Cited:** Residential rental housing

4. Health Nuisances (Articles 1161 and 1162)

- a. **Law:** Imposes requirements on properties that are dangerous or detrimental to the health of occupants or employees including properties that are vacant for at least six months that are found to be unfit
- b. **Enforcement:** Health Department Inspectors
- c. **Fee:** None
- d. **Penalty:** Lien against property for cost to correct + 20% of the correction cost, and first violation \$100 and/or 30 days imprisonment up to \$1,000 and 90 days imprisonment
- e. **Consistent Proactive Inspection:** No, complaint driven
- f. **Number of Properties Cited Annually:** 66 in 2016, 58 from January to October 2017
- g. **Types of Properties Cited:** Residential and Commercial

5. Rooming Houses (Article 1735)

- a. **Law:** Requires a license for houses with at least two rooms offered for rent, one bathroom for four roomers, and minimum floor area for sleeping rooms
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** \$75 for license and \$10 for each rental room unit
- d. **Penalty:** License suspended; first violation \$200 and/or 30 days imprisonment to 3rd violation \$1,000 and 90 days imprisonment
- e. **Consistent Proactive Inspection:** No, complaint driven
- f. **Number of Properties Cited Annually:** Three in 2016, one from January to October 2017
- g. **Types of Properties Cited:** Rooming houses

6. Inspection Before Sale or Rental (Article 1731)

- a. **Law:** Requires inspection before granting a certificate of occupancy for sale or rental of property; requires seller to inform buyer of code violations and buyer must abate all violations within 90 days of sale and 30 days of rental
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** \$100-\$200 per inspection/\$75 for reinspection
- d. **Penalty:** A fine not exceeding \$1,000 and/or 90 days imprisonment
- e. **Consistent Proactive Inspection:** Consistent and proactive for notice to new buyer; landlord must report to city that unit is going to be rented to new tenants; no resources for follow-up to see that code violations are addressed
- f. **Number of Properties Cited Annually:** 15 in 2016, three from January to October 2017
- g. **Types of Properties Cited:** Residential

7. Abandoned Real Property (Article 1732)

- a. **Law:** Requires owners to register property upon default of mortgagor and maintain the property in a secure manner
- b. **Enforcement:** Housing Inspectors
- c. **Fee:** \$200 per property
- d. **Penalty:** \$1,000-\$10,000 for failure to register annually
- e. **Consistent Proactive Inspection:** No
- f. **Number of Properties Cited Annually:** Insufficient records/data to determine
- g. **Types of Properties Cited:** Foreclosed properties

8. Conservatorship (Act 135)

- a. **Law:** Gives a third party appointed by the court authority to enter an owner's property and make repairs to bring it up to code
- b. **Enforcement:** None
- c. **Fee:** Conservator can recover costs through sale or rental of property
- d. **Penalty:** None
- e. **Consistent Proactive Inspection:** None
- f. **Number of Properties Cited Annually:** City has used this power once; non-profits have not used this power to date
- g. **Types of Properties Cited:** Any

9. Eminent Domain – Blight Certification (Article 149)

- a. **Law:** Bethlehem has streamlined its process for blight designation through an amendment to Article 149
- b. **Enforcement:** Bethlehem Redevelopment Authority
- c. **Fee:** None
- d. **Penalty:** Condemnation
- e. **Consistent Proactive Inspection:** N/A
- f. **Number of Properties Cited Annually:** 29 properties were certified as blighted since 2016
- g. **Types of Properties Cited:** Properties that are deemed to be blighted under law

10. Short Term Rental Law⁵

- a. **Law:** Owners of short-term rental properties must register, keep log of visitors, and limit stay duration
- b. **Enforcement:** N/A
- c. **Fee:** Annual inspections at cost of \$100
- d. **Penalty:** N/A
- e. **Consistent Proactive Inspection:** No
- f. **Number of Properties Cited Annually:** N/A
- g. **Types of Properties Cited:** Short-term lodging units

⁵ Short Term Rental Law was passed in December 5, 2017; therefore, information regarding enforcement, penalty, and citations was not yet available at the completion of this report.



Community Development Tools

From a community development perspective, the City and its partners work with a variety of federal and state programs to address buildings in disrepair and invest in struggling neighborhoods. Notably, the City annually receives approximately \$1.6 million in Community Development Block Grant (CDBG) and HOME Investment Partnership Program grants that can be used to leverage private investments in affordable housing, revitalization, and economic development initiatives, along with state and federal economic development funds to add jobs and invest in commercial corridors. The City currently works with numerous organizations throughout Bethlehem and the counties including Community Action Development Corporation of Bethlehem in South Bethlehem; Community Action Committee of the Lehigh Valley; Bethlehem Economic Development Corporation; and Habitat for Humanity. These partners contribute capital, funding support, and in-kind donations to revitalize Bethlehem neighborhoods.

Following is a summary of programs currently in use to address blight and neighborhood disinvestment:

City-wide Owner-Occupied Housing Rehabilitation Assistance Program

The City administers a program that assists low-income homeowners to make needed repairs to their homes. An estimated 25 to 30 homes are repaired annually through this program.

Rental Housing Construction

The City provides CDBG and HOME financing to developers for the construction of affordable rental housing. In the City's 5-Year Consolidated Plan, the City designates the downtown and Central Business District area as neighborhoods that can benefit from this program while supporting rental construction anywhere in the city. Developers rehabilitate mixed-use buildings with commercial space on the ground floor and conversion of the second and third floors into affordable rental housing. Currently, the program is funded to develop approximately five rental units per year.

Exterior Building Improvement Loan

The City provides low-interest financing to businesses for restoring storefronts and building façades in designated commercial corridors.

Local Economic Revitalization Assistance (LERTA)

Property owners may receive a tax abatement to develop or substantially rehabilitate commercial, industrial, or residential properties located in designated redevelopment zones.

City Revitalization and Improvement Zone

The City currently manages a City Revitalization and Improvement Zone (CRIZ) Program, a state economic development program to spur economic growth, revive downtowns, and create jobs. The CRIZ includes 130 acres designated for redevelopment. A portion of taxes collected from businesses within the CRIZ pay for debt service for economic development projects, including bonds issued for new construction, infrastructure, site preparation, and substantial rehabilitation of buildings. The program is administered through the Bethlehem Revitalization and Improvement Authority (BRIA). In 2017, the CRIZ revenue was roughly \$152,000.

Keystone Innovation Zone

Bethlehem's Southside is a designated Keystone Innovation Zone (KIZ), another state economic development program that offers tax credits to businesses investing in targeted life science and technology business ventures. The program offers up to \$15 million in tax credits statewide to qualifying businesses located in the KIZ, which can be applied against the company's state personal income or corporate tax or sold for credits. A KIZ company may save up to \$100,000 per year based on tax credits applied toward 50% of the increase in the company's gross revenue. To date, the KIZ has invested more than \$7 million in 90 companies since its inception in 2004.

Neighborhood Assistance Program/Neighborhood Partnership Program

Bethlehem's Southside also participates in the Neighborhood Assistance Program (NAP) and Neighborhood Partnership Program (NPP), a state program that provides neighborhood organizations and businesses tax credits to invest in projects that serve distressed areas or assist in conservation activities. ArtsQuest, a non-profit in South Bethlehem, received \$240,000 to develop the SteelStacks Partnership for Education and Outreach, which offers a range of programs to schools and residents. Community Action Development Corporation received \$160,000 to support the Southside Vision 20/20 Plan, including funds for façade improvement, homeownership counseling, landscaping, and continuing the Ambassador Program.

Lead Hazard Control and Healthy Homes Program

The City is a sub-grantee of \$1.2 million allocated from U.S. Department of Housing and Urban Development (HUD), through the Commonwealth of Pennsylvania and County of Northampton. Through this grant program, the City offers grants to residents living with lead-based paint hazards and "unhealthy" homes. Grant priority is given to homes where a child under age six lives and/or spends significant amount of time. The residents (not owner) must income qualify, and on average will be eligible for between \$12,000 - \$15,000 in lead hazard remediation and home repairs. The current grant cycle runs through 2020 and the City is obligated to complete at least 46 homes during this time.

Lehigh University Supported Programs

On Bethlehem's Southside, Lehigh University lends support to the Ambassador program, designed to provide trash and graffiti removal, pedestrian and motorist assistance, and overall safety services to the neighborhood directly abutting the Lehigh University. In addition, Lehigh University supports the SouthSide Arts District, a program modeled after the National Main Street program, to enhance the economic vitality and physical appearance of the district.





Community Engagement

The Team facilitated seven meetings with the City of Bethlehem and the B3 Committee during the planning process to develop the Plan. Meetings were held at the Bethlehem Area Public Library, and each two-hour meeting included a presentation and/or group exercise. In general, the series of meetings can be categorized by outcomes, as follows:

Stage 1: Existing Conditions

In the early stages of the Plan, the Team presented key findings to the City and the B3 Committee related to area demographics and housing conditions, and the results of the MVA. This included presentations with key statistics related to existing market and demographic conditions throughout Bethlehem. This provided the context for approaching blight and disinvestment problems based on market conditions.

Stage 2: Blight and Community Development Toolkit and Best Practices

Midway through the planning process, the Team presented the City and the B3 Committee with existing regulations and legal statutes regarding blight, best practices for neighborhood redevelopment, and blight mitigation using real-world case studies. These meetings established a preliminary list of activities that the City and its partners could implement to prevent and eradicate blight.

Stage 3: Goals, Strategies, Action Steps, and Metrics

During the final stages of developing the Plan, the Team facilitated two meetings to develop the final goals, strategies, and recommended programs and tools that the City and its partners will use in the coming years to address blighted properties and disinvested neighborhoods. These tools include expansion and/or refinement of existing programs, new partnerships between the City and its non-profit and educational partners, and the introduction of new tools that have been effective in other communities. The Plan concludes with a list of metrics the City will use to gauge success of the Plan over time.

Following is a brief description of each of the seven meetings.



Table 1: Summary of Planning Process

Meetings	Date	Description
Kickoff	Sep 26, 2017	First meeting with the B3 Committee; discussion introducing the Team, describing the project, and defining goals and objectives.
MVA Methodology & Existing Laws	Oct 17, 2017	Overview of the underlying data within the MVA and process for data collection, analysis, and verification of findings. Summary of existing laws and regulations within the City of Bethlehem and State of Pennsylvania that address blight mitigation and remediation.
Preliminary MVA Results and Best Regulatory Practices	Nov 20, 2017	Presentation highlighting the preliminary findings of the MVA, including market types by neighborhood. Discussion of laws and regulations that work in other communities to address blight and property owners who are non-responsive to code violations.
Final MVA Results and Best Practices	Dec 19, 2017	Presentation of the final MVA, including all demographic, income, and housing indicators, final market types by block groups and neighborhood, and identification of areas at risk for disinvestment and blight. Review of regulatory best practices and discussion of community development best practices and case studies.
Draft Goals and Strategies (Working Session)	Jan 22, 2018	Review of the draft goals and strategies. Working session where the group discusses five scenarios where various blight/disinvestment issues are presented and the group then identifies the recommended actions the City and its partners should take to address the issues. Used to develop the recommended action items.
Action Items	Feb 22, 2018	Group discussion reviewing the list of proposed action items to include in the final Plan, including responsible entity, community partners, expected impact of the action, needed resources, and timeline for implementation.
Review Draft Blight Plan	Mar 29, 2018	Presentation and review of the draft Plan. Open comments from the B3 Committee.



Market Value Analysis

To establish a baseline of information to inform the development of the Plan, the Team conducted a Market Value Analysis (MVA) for the City of Bethlehem. The MVA is a data-based tool that cities across the country use to inform community revitalization. The results of the analysis identify markets in need of development but also places where public investment can stimulate private market activity and capitalize on larger public investment activities.

The MVA is a unique tool for characterizing markets because it creates an internally referenced index of a municipality's residential real estate market. It identifies areas that are the highest-demand markets as well as the areas of greatest distress, and the various market types in between. MVA results offer insight into the variation in market strength and weakness within and between traditional neighborhood boundaries. Boundaries between market clusters become instructive places for thinking about the direction of market change and ultimately the appropriateness of different types of investments or intervention strategies.

The MVA is conducted at the Census block group level. Block groups represent relatively stable geographic areas and provide an opportunity to understand market differences within and between traditional neighborhood boundaries. A cluster analysis is used to create clusters of block groups that are similar within each MVA descriptor. The goal is to form distinct clusters with similar characteristics within each group, but differences between clusters that are notable and meaningful.

Three jurisdictions (the City of Bethlehem, Northampton County, and Lehigh County) supplied data representing housing value, property structures, investment activities, and distress, which were then geocoded to Census block groups (Table 2 presents the final set of indicators used to estimate the MVA results).⁶ Reinvestment Fund worked with the B3 Committee to validate the accuracy of the underlying data and the MVA results, and to identify areas of concern in the local housing market.

In addition, Reinvestment Fund staff field validated the MVA in multiple ways. First, Reinvestment Fund staff spent several days driving throughout Bethlehem to confirm that the data provided for the analysis were accurate on the ground. When the data provided did not correspond with what staff saw on the street, the Team worked with the City to find other data to more accurately reflect conditions on the ground. Second, Reinvestment Fund staff conducted subsequent rounds of field validation to ensure the accuracy of the model results.

Even with field validation and close consultation with the City staff, Reinvestment Fund still encountered notable data challenges associated with data collection, processing, and analysis:

Data Sources: Data collected from several sources created communication challenges. Data for the MVA were provided by various departments within the City, as well as Lehigh and Northampton Counties. It was not always straightforward to identify points of contact for different data elements in different jurisdictions.

⁶ The 2011-2015 American Community Survey identified 62 block groups in the City of Bethlehem. After discussions with the City, 12 block groups were split and a total of 74 "block groups" were classified by the 2017 Market Value Analysis. Factors taken into consideration were the size of the block groups and evident demarcation of diverging market trends within a block group.

Data Formats: Data collected often required onerous processing to be useful for analysis. For example, permits and violation records were provided as PDFs, which required manual entry before further processing could integrate these records into a larger database.

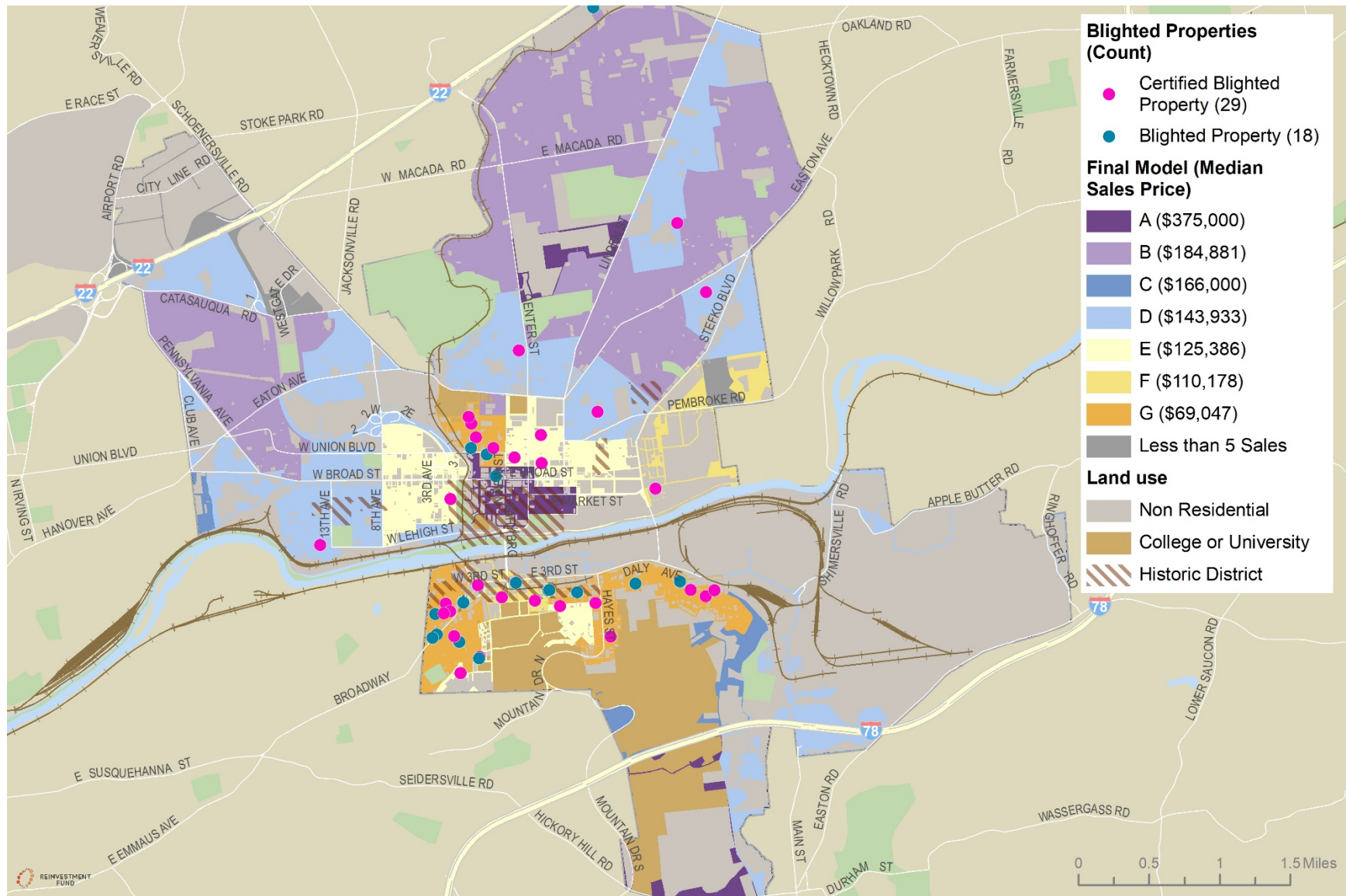
Data Consistency: Different jurisdictions do not consistently collect the same data in the same way. Datasets from different counties led to different data fields, formats, time intervals, and other inconsistencies that created challenges throughout the process.

Moving forward, it is imperative that the City establish systems to centralize the collection of, and access to key data points that will allow them to track the implementation of recommended activities and to monitor outcomes over time (see Metrics section).

Table 2: Definitions of Market Value Analysis Indicators

	Variable	Definition	Source
Housing Characteristics	Owner Occupancy	Percent of households that reported owning their home.	ACS 2011-2015
	Subsidized Housing	Number of rental units with subsidies. As a share of rental units.	City of Bethlehem, HUD, ACS 2011-2015
	Residential Density	Residential housing units per residential land area.	County parcel files, ACS 2011-2015
Housing Value and Other Sales-Related Characteristics	Median Sales Price	Median sales price of sales transactions that occurred between 2015 and 2017Q2.	County parcel files
	Variance of Sales Price	The variance of median sales price.	County parcel files
	Two-to-Four Family Sales	Two-to-four family properties that were sold between 2015 and 2017Q2. As a share of total number of sales.	County parcel files
	Condo Sales	Condos that were sold between 2015 and 2017Q2. As a share of total number of sales.	County parcel files
Investments	Investor Purchases	Properties that were sold to investors between 2015 and 2017Q2. As a share of total number of sales.	County parcel files
	Multiple Permits	Properties with at least two permits between 2015 and 2017 (July). As a share of total residential parcels.	City of Bethlehem, County parcel files
	New Construction Permits	Properties with new construction building permits between 2011 and 2017 (July). As a share of total residential parcels.	City of Bethlehem, County parcel files
Distress	Distressed Properties	Properties that were registered in Pro Champs between 2015 and 2017 (Oct.), properties that were registered prior to 2015 but remain open, or properties that received an Act 91 Notice between 2015 and 2017Q2. As a share of total residential parcels.	Pro Champs Registry (City of Bethlehem), Pennsylvania Housing Finance Agency, County parcel files
	Multiple Violations	Properties that had at least five violation citations between 2015 and 2017 (July). As a share of total properties with violations.	City of Bethlehem
	Blight	Residential properties that experienced a water shutoff and/or were identified in the Blight Survey. As a share of total residential parcels.	City of Bethlehem
	Distressed Properties	Properties that were registered in Pro Champs between 2015 and 2017 (Oct.), properties that were registered prior to 2015 but remain open, or properties that received an Act 91 Notice between 2015 and 2017Q2. As a share of total residential parcels.	Pro Champs Registry (City of Bethlehem), Pennsylvania Housing Finance Agency, County parcel files

Figure 3: Bethlehem Market Value Analysis, 2017



The MVA results generated seven distinct market types in Bethlehem.

Defining characteristics of the Bethlehem real estate market include:

- The prevalence of established neighborhoods with well-maintained single-family homes;
- The generally stable condition of a housing stock that was largely built in the early part of the 20th century;
- The absence of virtually any new construction activity in Bethlehem;
- The overall affordability of housing across virtually every market type. Across all block groups in Bethlehem, the median sales price was \$155,385. With the exception of “A” markets, Bethlehem households with incomes near the area median could conceivably afford a home virtually anywhere in the city (see Appendix A). The affordability observed in Bethlehem’s housing across all market types is most similar to cities like Akron and Pittsburgh.
- The relatively high values and low levels of the most serious signs of blight in Bethlehem’s most stressed areas. While there are observable signs of stress in “F” and “G” markets, compared to other cities using the MVA, Bethlehem does not suffer from pervasive vacancy, abandonment, and severely dilapidated residential and commercial properties that can create overwhelming challenges for residents and City officials. In addition, median sales prices in Bethlehem’s “F” and “G” markets reflect existing value in Bethlehem’s most stressed markets, which stands in stark contrast to the most stressed markets in other cities where sales prices in the most distressed markets have been observed between \$10,000 and \$30,000 (i.e. Philadelphia, Pittsburgh, Baltimore, Akron, Kansas City).
- Like many other cities, purchasing activity in the most stressed markets is increasingly dominated by investors – and many of these transactions are cash transactions (see Appendix A). Somewhat unique to Bethlehem is the relatively high share of investor purchases in “A” markets, where nearly 1 in 4 purchases involved an investor.



Bethlehem's Market Types

The seven clusters reflect key features of the distinct characteristics across Bethlehem's neighborhoods. However, from a policy perspective, it is often useful to consolidate the market types into three broad categories: Strong, Middle, and Stressed.

Table 3: Average Block Group Characteristics in Bethlehem by Market Type, 2017

Cluster	Block Group (#)	Housing Value and Sales-Related Characteristics				Housing Characteristics			Investments			Distress		
		Median Sales Price	Variance of Sales Price	2-4 Family Sales	Condo Sales	Own Occ.	Rentals with Subsidy	Housing Density	Invest. Purch.	Multi. Permits	New Const. Permit	Distress	Multi. Viol.	Blight
A	4	\$375,000	0.44	8%	24%	26%	18%	12.53	24%	10%	1%	2%	9%	1%
B	22	\$184,481	0.30	0%	1%	90%	3%	5.19	8%	6%	0%	3%	12%	0%
C	2	\$166,000	0.23	0%	36%	64%	0%	3.72	4%	21%	44%	1%	0%	0%
D	22	\$143,933	0.40	1%	7%	51%	9%	8.31	16%	4%	0%	4%	17%	0%
E	11	\$125,386	0.49	13%	0%	47%	8%	14.78	31%	5%	0%	4%	21%	1%
F	4	\$110,178	0.53	4%	25%	11%	99%	30.70	54%	6%	0%	7%	4%	2%
G	9	\$69,047	0.84	8%	2%	36%	17%	18.02	46%	4%	0%	6%	28%	2%
City	74	\$155,385	0.44	4%	6%	55%	10%	13.52	22%	6%	1%	4%	16%	1%

Strong Markets

Bethlehem's four **"A" markets** account for only 5% of the city's block groups. "A" markets are the strongest markets in Bethlehem and are largely characterized by high sales prices, low levels of distress, and low owner occupancy rates. The median sales price in "A" markets (\$375,000) is nearly 2.5 times greater than the citywide average, while the average owner occupancy rate (26%) was well below the citywide average (55%). Additionally, the "A" markets were home to a greater share of multifamily and condominium sales than other market types in the city.

The 22 **"B" markets** account for 30% of all block groups in the city and are heavily concentrated in the northeast and northwest. "B" markets are also strong markets with comparatively high sales prices and low levels of distress, but "B" markets have the highest home ownership rates in Bethlehem. The median sales price in "B" markets (\$184,481) is 21% greater than the citywide average. "B" markets largely comprise single-family, owner-occupied homes in neighborhoods that are relatively low density with very few condominium and multifamily sales.

Middle Markets

The two **"C" markets** account for only 3% of the city's block groups. The "C" markets are both located on the edges of the city and are somewhat isolated from other parts of the city. The "C" markets were the only block groups with substantial new construction activity and had the highest levels of condominium sales. About 44% of the residential parcels in "C" markets had new construction permits, whereas new construction in the other market types was essentially non-existent. Additionally, 36% of sales in the block groups were condominiums, reflecting the type of new construction underway in "C" markets. The median sales price (\$166,000) was slightly above the citywide average, and roughly two-thirds of "C" market residents owned their homes.

The 22 **"D" markets** account for 30% of all block groups in Bethlehem and are heavily concentrated in the northeast and northwest. "D" markets generally represent "middle" markets, with a median sale price (\$143,933) slightly below the citywide average. "D" markets also have a roughly even split between owner and renter households, average levels of distress, and average numbers of properties with multiple violations. Like the "B" and "C" markets, "D" markets have relatively low housing density and are predominately made up of single-family homes.

The 11 **"E" markets** accounted for about 15% of the city's block groups. "E" markets also represent a portion of the "middle" market, although these block groups have a slightly lower median sales price and greater signs of both distress and investor purchases than "D" markets. The median sales price (\$125,386) is about 20% below the citywide average, and about 13% of the sales transactions were for multifamily properties, the highest level across the market types. In "E" markets, investors accounted for roughly 30% of home sales, a substantially higher investor presence than in "D" markets. "E" markets also showed some elevated signs of distress, with about one in five properties being cited for multiple violations. If left unattended, "E" markets run the risk of sliding into stressed markets.

Stressed Markets

The four **“F” markets** represent 11% of all city block groups. They have the lowest homeownership rates in the city and are also home to the greatest concentrations of subsidized rental housing. The median home sales price (\$110,178) is 30% below the city average. “F” markets are the densest areas in the city, which is largely due to the sizable renter populations. “F” markets also had the highest share of investor purchases, with slightly more than half of the residential sales purchased by investors. “F” markets showed mixed signs of stress. Relatively few properties have multiple code violations, but about 7% of properties are considered distressed.

The nine **“G” markets** are the most stressed in Bethlehem, accounting for about 12% of the city's block groups. “G” markets are most heavily concentrated in the southside but also found just north of downtown. “G” markets are primarily rental markets with only one-third of the population owning their homes, but only 17% of rental housing in “G” markets is subsidized. The median home sales price (\$69,047) is the lowest in the city, about half the citywide average. Investors also make up nearly half of all residential sales in “G” markets. Over a quarter of properties have multiple code violations and the average share of properties that are blighted or distressed are slightly above the citywide average.

Demographic Trends Across Market Types

Understanding the residential makeup across different types of markets can help decision makers better understand the multidimensional factors that have contributed to the current landscape to inform interventions that are appropriate and effective, and that comply with the Federal Affirmatively Furthering Fair Housing Rule.⁷

Overall, about half of the population lives in middle markets, and the remaining residents are evenly distributed between the strong and stressed markets. Residents in strong and middle markets are relatively more educated and less diverse than those in stressed markets. Stressed markets are home to the most diverse population, with the lowest educational attainment and highest levels of poverty.

⁷ For more information on Affirmatively Furthering Fair Housing, please visit: https://www.huduser.gov/portal/affht_pt.html

Table 4: Demographic Trends by Market Type, 2011-2015

Market Type		Race, Ethnicity, and Age						Highest Educational Attainment (Population 25+)		Family Poverty	
		Population	White	Black	Hispanic	Youth (Under 18)	Elderly (65 or Over)	High School or Less	Bachelor or Greater	Families	Families in Poverty
Strong	A	3,144	84%	4%	12%	11%	23%	37%	40%	590	12%
	B	15,704	88%	2%	13%	18%	24%	34%	37%	4,349	2%
Middle	C	412	75%	2%	22%	12%	10%	43%	38%	101	10%
	D	22,259	79%	6%	21%	19%	17%	46%	26%	5,307	7%
	E	12,562	81%	5%	21%	13%	11%	46%	27%	2,155	15%
Stressed	F	3,559	66%	12%	51%	23%	9%	58%	14%	629	47%
	G	14,798	67%	13%	47%	25%	6%	62%	15%	3,093	26%
Bethlehem		75,004	79%	6%	27%	19%	16%	46%	27%	16,683	13%
Pennsylvania		12,779,559	82%	11%	6%	21%	16%	47%	29%	3,202,874	9%

Source: US Census Bureau, American Community Survey, 2011-2015

Strong Markets (“A” and “B” markets)

About 26% of Bethlehem residents live in strong markets. Residents in the strong markets tended to be older and less racially and ethnically diverse than those in other markets. Nearly 90% of the residents in strong markets are White, and 13% are Hispanic. Roughly a quarter of the population is 65 or older, notably higher than the citywide average of 16%. Residents in strong markets are also the most highly educated, and these markets have the lowest poverty levels in the city.

Middle Markets (“C”, “D”, and “E” markets)

Nearly half of the population lives in Bethlehem’s middle markets. Residents in middle markets generally represent the city overall. About 80% of the residents are White, 6% Black, and 21% Hispanic. About 20% of the population is age 18 or younger and 15% is age 65 or older. About a quarter of middle market residents have at least a bachelor’s degree and 10% of families are living in poverty.

Stressed Markets (“F” and “G” markets)

About 25% of Bethlehem residents live in the city’s stressed markets. Residents in stressed markets tend to be younger and more racially and ethnically diverse. About 70% of residents are White, 13% Black, and 48% Hispanic. Nearly one-fourth of the population is age 18 or younger, notably higher than the citywide average of 19%. Only 15% of residents in stressed markets have at least a bachelor’s degree and nearly 30% of families are living in poverty.

MVA Alignment with Public Investment

Cities throughout the country use their MVA results to strategically deploy public subsidies to support redevelopment in targeted areas in their cities. Similarly, Bethlehem can use the MVA in the following ways:

1. **Use MVA clusters to allocate points for CDBG and Low-Income Housing Tax Credit (LIHTC) applications submitted to the city.** During the application process, local developers who propose projects located in “E”, “F” or “G” market could be awarded additional points. In addition, further consideration could also be awarded for project proposals located in an “E”, “F”, or “G” market that are intended to draw upon recognizable nodes of strength in a neighboring market, such as an “A” or “B” market. The City should disseminate their scoring criteria in future CDBG and LIHTC applications with the MVA results to incentivize the submission of applications to support these areas.
2. **Use MVA cluster to identify a Neighborhood Revitalization Strategy Area.** In their next CDBG application to HUD, the City should designate a targeted area, such as “F” and “G” markets near stronger markets, as a Neighborhood Revitalization Strategy Area (NRSA).⁸ This designation can include a mix of different market types to leverage strengths in one part of the NRSA to bolster others. The NRSA designation will afford greater flexibility using CDBG dollars in the designated areas and could incorporate other community-based strategies described below. For instance, an employer-assisted housing program could also be incorporated into the NSRA application but would require coordination with the employers who will be doing the work. The NRSA could also be used as a rationale to cluster the City’s investments made through the City’s homeowner repair assistance program to maximize the impact of these grants in neighborhoods that need it most.
3. **Use MVA clusters to prioritize activities for blighted properties.** The City has identified the 29 properties that have been officially designated as blighted by the Redevelopment Authority as a top priority. The MVA can help further refine priorities to ensure that limited resources are used efficiently. The City should prioritize the revitalization of blighted properties located within a stressed market (“F” and “G” markets) or a neighborhood at-risk of becoming distressed (“E” market). Several cities have used the MVA to refine priorities and address problem properties in a more efficient manner. For example, cities like New Orleans, Baltimore, and Akron use MVA market types in decision trees to designate blighted properties for rehabilitations or demolitions. Cities will rehab properties where existing strength in nearby areas indicates financial and social returns to bringing the property back into productive use. In other areas, properties designated for demolition can be transformed to side yards, vacant lots for sale/redevelopment, or open spaces to be assembled into parks.

⁸ For more information on Neighborhood Revitalization Strategy Area, please visit:
<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-10-Revitalization.pdf>



Implementation Plan

Beginning in January 2018, the Team worked with the City and B3 Committee to develop the goals, strategies, and action items for the implementation plan. This process was based on comments from the meetings held to date, the results of the MVA, a review of tools and best practices, and two B3 Committee working sessions.

Following are the Goals and Strategies for the Bethlehem Blight Mitigation Plan:

Goal 1: Stabilize deteriorating neighborhoods.

- Strategy 1.a. Improve the condition of deteriorated residential, commercial, and industrial properties.
- Strategy 1.b. Attract appropriate investment to higher-need neighborhoods.
- Strategy 1.c. Convert liability properties to assets for economic growth.
- Strategy 1.d. Improve commercial corridors.

Goal 2: Improve housing conditions.

- Strategy 2.a. Ensure all residents live in safe, healthy conditions.
- Strategy 2.b. Preserve existing affordable housing.
- Strategy 2.c. Support homeownership and a balance of owner-occupied and rental properties in each neighborhood.
- Strategy 2.d. Stop illegal transient rentals.

Goal 3: Provide consistent and transparent code enforcement and incentives for repairing and/or stabilizing properties.

- Strategy 3.a. Make data-based decisions and improve the accuracy of blight information.
- Strategy 3.b. Perform consistent, strategic enforcement.
- Strategy 3.c. Increase owner accountability and communication between owners and the City.
- Strategy 3.d. Ensure owners of blighted properties with repeated code violations face consequence.

Goal 4: Effectively use limited resources.

- Strategy 4.a. Share goals and align activities between and among the City, counties, non-profits, anchor institutions, and other stakeholders.
- Strategy 4.b. Increase overall resources to fight blight.
- Strategy 4.c. Target limited resources to neighborhoods, blocks, and other designated areas based on needs and priorities.
- Strategy 4.d. Encourage and improve voluntary owner compliance to bring property conditions up to code.

Recommended Actions

Addressing blight is critical to Bethlehem's future, and no one legal tool or program can prevent or address problem properties in all circumstances. Instead the City needs an extensive set of legal tools authorized by state law combined with community reinvestment initiatives that can be effectively used to repair and reactivate properties in the different types of markets discussed earlier in this report.

The Team worked closely with the City and the B3 Committee over seven meetings to review and analyze the following approaches to addressing blight in Bethlehem: 1) Bethlehem's current laws, policies, and procedures related to blight designation, prevention, and elimination; 2) Pennsylvania blight-related laws that are not currently used but could be helpful to Bethlehem; and 3) Community-based tools that have positively impacted blight in other cities and that may be a good fit for Bethlehem.

The City and the B3 Committee reviewed dozens of legal tools, programs, and best practices to identify those tools that will strengthen the City's blight prevention and elimination efforts across the City's different neighborhoods. This section presents the Team's recommendations for those activities that will best equip the City and its partners to effectively address blighted and problem properties. recommended actions are presented in four different groups that represent those entities who must be involved to implement each recommendation:

- City – tools and programs that can be implemented by City staff without new policy;
- City & City Council – tools and programs that will require some legislation to be passed by Council to implement;
- Inter-Jurisdictional – tools and programs that will require the cooperation of the counties to implement;
- Community-Based – tools and programs that will require collaboration and leadership from community-based organizations to implement.

These groupings provide guidance for the level of complexity involved with each set of recommendations – i.e. whether the City can simply adopt new, or amend existing practices, whether new legislation is required, or whether collaboration with other government and non-governmental partners is required. In addition, within each category the recommendations have been ordered in terms of priority, reflecting the priorities that emerged through the B3 committee meetings and the Team's experience working with other cities. Where appropriate, recommendations are provided to align strategies with particular MVA market types to maximize their impact.

City-Led Activities

Action Steps	Expected Impacts
Adopt Data-Driven Strategic Code Enforcement	<ul style="list-style-type: none"> Increasingly fair and consistent code enforcement that will drive improved conditions for properties Enhanced regulatory oversight and deployment of inspectors to address properties in worst condition Enhanced data collection will facilitate identification of property owners with multiple problem properties, identify most frequent types of violations, and target proactive enforcement efforts
Require Licensing for all Rental Properties	<ul style="list-style-type: none"> New revenue stream from annual fees to fund regular inspections Enhanced knowledge of the number and condition of rental properties to ensure they are maintained to a healthy standard Enhanced authority for the City to revoke license of landlords with significant code violations
Stop Issuing Permits for Regulated Rental Signs	<ul style="list-style-type: none"> Removal of unsightly 'for rent' signs will not deter potential homeowners from moving into markets with a mix of homeowners and renters
Expand Home Repair Grant and Loan Programs	<ul style="list-style-type: none"> Improved housing conditions for homeowners in need of financial assistance to maintain their properties
Regulate Single-Family Home Conversions and Reconversions	<ul style="list-style-type: none"> Preserved single-family dwellings that promote homeownership Enhanced regulation of unlicensed rentals Enhanced alignment between public infrastructure and residential density

Adopt Data-Driven Strategic Code Enforcement: Data-driven strategic code enforcement mandates regular inspection of the exterior of every property regardless of whether a specific complaint has been filed with the City and a regular inspection of both the exterior and interior of rental properties. The goal is uniform enforcement of clear standards through consistent inspections that are not unduly burdensome. An initial inspection of each property over a set period provides critical information about the condition and use of each property. Data-driven code enforcement allows for better regulatory oversight of private properties, fairer enforcement, and a more effective approach to improve property conditions across a neighborhood or municipality.

Currently, Bethlehem's code enforcement is largely complaint-driven. Only regulated housing is consistently and predictably inspected (aside from required sale and rental inspections of all properties). The City received 812 resident complaints about property condition in 2017 and 895 in 2016. Largely in response to these complaints, the City issued 887 violation notices in 2017, down from 1,082 in 2016. There were at least three code violations in 143 properties over the past two years. A major challenge for the City is the need to track compliance on cited properties. The City relies upon the property owner to fix up their property without monitoring to determine whether the property's condition has improved.

The Team recommends that Bethlehem convert to a data-driven code enforcement system with a goal of inspecting every property within the next four years and update its current data management and reporting systems to ensure that this is done efficiently and cost-effectively. In addition, the City should reinspect cited properties within 60 days to ensure that the owner addressed the violations

cited. A data-driven strategic code enforcement system will offer many advantages to the City. First, it will make better use of staff time as the inspectors can focus their time on properties with significant code violations rather than those located near the most vocal neighbors. Second, converting to data-based enforcement can also provide critical data needed to enlist broad support for an aggressive strategy toward remediating problem properties. Finally, recording each action taken by government and the owner's response in a single database allows the City to track compliance and bundle enforcement actions so a magistrate or judge can see patterns and enforce the code systematically against repeat offenders.

Implementing systematic enforcement has allowed cities to improve the condition of residential properties citywide and encourage owner investment. For example, Los Angeles performed baseline condition inspections of all its multifamily stock from 1998-2005. As a result, owners corrected 1.5 million violations or about 90% of the violations issued, representing \$1.3 billion in reinvestment by property owners.

Require Licensing for all Rental Properties: The City should immediately amend its ordinances to treat all rental properties alike and require all rental properties to be licensed. The City currently requires the registration of regulated rentals. Article 1731.03 also requires the registration of rental properties generally, a basic requirement that requires property owners to register housing rental units with the City that is not enforced. As a result, the City has limited data on rental properties and limited power to address a landlord who fails to maintain a property up to code.

A licensing requirement, unlike registration, requires landlords to obtain a license in order to enter the business of renting properties. Failure to maintain a property up to code can result in the City revoking a property owner's license to rent properties and is far more effective than merely charging a penalty for failure to register. In addition, a license with performance standards allows the City to "score" the owner on the condition of their properties and adjust fees and frequency of inspections based upon this score. Requiring all landlords to obtain licenses for their rental properties gives the City much better information on where its rental properties are located and allows the City to make the continued operation of rental properties contingent on compliance with licensing conditions. In addition, license fees provide funding to proactively inspect units.

Adopting licensing for all rental properties will help the City establish a clear set of performance standards and measures and improve the condition of all rentals in the city. Minneapolis and nearby Brooklyn Center, Minnesota both score rental properties based upon their condition and require an inspection at intervals between six months and four years, depending on property condition performance.

Moreover, a Pennsylvania court recently held that only legal landlords who follow the City's rental licensing requirements will be able to use the courts to evict a tenant.⁹ This new requirement should help to encourage landlords to obtain a rental license. The City should also work with its partners to consider adopting incentives and rewards for responsible landlords.

⁹ Blumberg, J. (2018). Philadelphia renters just scored a courtroom win. [online] PlanPhilly. Available at: <http://planphilly.com/articles/2018/01/25/philadelphia-renters-just-scored-a-courtroom-win> [Accessed 25 Jan. 2018].

Stop Issuing Permits for Regulated Rental Signs: The City routinely issues permits to allow regulated housing rentals to attach signs to the exterior front of the house advertising the owner of the property, the number of units, and typically the fact that the rentals are intended for students. These large signs are unattractive and send the unintended message to families and homeowners that they are not wanted on these blocks. Members of the Team have not seen the widespread use of such signs in any other city in which they have worked. City regulations require regulated rental property owners to obtain a permit to post these signs under Section 1320 of the Zoning Code. In the past, permits have been routinely granted. The Team recommends that the City no longer grant permanent sign permits for regulated rentals that identify existing or future renters as students.

Expand Home Repair Grant and Loan Programs: The City's home repair grant program for homeowners currently helps between 25-30 homeowners annually. The City could provide more grants by increasing the number of qualified contractors to work on these projects and by expanding partnerships with non-profit and for-profit partners. In addition, the City should determine whether property owners are having difficulty obtaining home improvement loans through private lenders. If access to capital is a substantial barrier, the City could look into a low-interest loan program in which the City offers a revolving loan fund or uses a loan reserve fund to protect lenders against default, thereby encouraging private lenders to extend credit to borrowers with lower incomes and credit scores. This approach is being used successfully in other states and in other cities in Pennsylvania. In addition, the City should target its loan and grant programs to owners who are cited for substantial violations but are unable to fund needed repairs.

The City of Philadelphia is launching a new home repair loan program to bring its housing units up to code and prevent displacement.¹⁰ In 2017, the Philadelphia City Council approved a \$40 million bond that will be used to create a new low-interest loan program to serve moderate-income heads of households who have credit scores as low as 580.¹¹ The City program, as envisioned, seeks to provide a loan reserve fund to insulate the lenders from default risk.¹²

***MVA Alignment:** The City should consider an approach to expand the existing home repair grant and loan program to concentrate their activities in “D”, “E”, and “F” markets – those areas with signs of deferred maintenance, but not the most challenging areas of the city that are eligible for other subsidies. The City can structure their grant and loan application to provide additional consideration for home repair projects in these neighborhoods to shore up the housing stock and stymie early signs of decline before they become more pressing concerns.*

¹⁰ Bill 170878 will allow for the issuance of a \$40 million bond to support a loan program for hard-working low-and-moderate income Philadelphia families. For more information, please visit: <http://healthyrowhouse.org/>

¹¹ Healthyrowhouse.org. (2018). Time to Get Behind the Home Preservation Loan Program Ordinance. [online] Available at: <http://healthyrowhouse.org/time-to-get-behind-the-home-preservation-loan-program-ordinance/> [Accessed 13 Dec. 2017].

Regulate Single-Family Home Conversions and Reconversions: Zoning Code Article 1325.08 requires that owners receive a Special Exception to convert any single-family dwelling to a two-family or multifamily dwelling. While Article 1328.08(5) says that “such conversion shall be authorized only for a large building which has relatively little economic value or usefulness as a single-family dwelling or other confirming use,” many single-family homes have been converted to multifamily homes over the years. The City seeks to reduce the number of conversions authorized by its Zoning Hearing Board and to encourage the reversion of these properties back into single-family homes.

With respect to limiting conversions, the City can educate members of the Zoning Hearing Board about the negative impacts that conversions are having on neighborhoods. The City has funding of approximately \$75,000 annually to help owners finance reversion, but stakeholders feel that property owners need to be made aware of the potential for help on reverions. The City should consider increasing public awareness of this fund and assessing whether the funding offered provides a sufficient incentive for owners to convert several rental units back into single-family homes.



City and City Council Policy-Making

Action Steps	Expected Impacts
Deny Permits to Non-Compliant Property Owners	<ul style="list-style-type: none"> • New authority for the City to deny permits and licenses to property owners where one of their properties has serious code violations • Added incentive for owners to bring their properties up to code
Establish Registration for Vacant Properties	<ul style="list-style-type: none"> • New authority to proactively engage owners of vacant buildings to mitigate burdens these properties place on the City • Enhanced communication between the City and property owners by requiring owners to submit plan to reactivate their vacant property within set timeframe
Issue Quality-of-Life Tickets	<ul style="list-style-type: none"> • Streamlined code enforcement for code violations visible on the exterior of a property • Enhanced owner-initiated maintenance owners without having to bring violators to court • New revenue stream from fines • Identification of small code violations that can be corrected at low cost

Deny Permits to Non-Compliant Property Owners: Act 90 of 2010, the Neighborhood Blight Reclamation and Revitalization Act, gives the City the authority to withhold a zoning, building, or occupancy permit where an owner fails to resolve tax delinquency or has a court judgment of a serious code violation they have not taken substantial steps to correct. The court judgment of serious code violations may be made against any property owned by this owner anywhere in the Commonwealth. Permit denial allows a municipality to obtain an owner's attention when they are making the conscious choice to invest in one property while ignoring code violations at a different property. The City may withhold the permit until the property owner provides confirmation that he has paid taxes or remedied the code violations.

The primary challenge to the effective use of permit denial is the existence of a court judgment to abate or correct the code violation, rather than just a citation to document it. To use this tool effectively, the Team recommends that the City adopt an ordinance that explicitly grants the right to deny permits and prepare a written policy that includes clear procedures for permit denial. The Team also recommends that permitting staff routinely check the online database for court judgments when a permit seeker has code violations in the City.¹³

In addition, the City could also require all permit applicants to complete a disclosure form affirming they have no tax delinquencies or serious code violations anywhere in the state. An owner who fails to complete the form honestly will be committing a misdemeanor of the third degree and, if caught, will be required to pay a fine of at least \$1,000. Finally, the City and other stakeholders must educate their county magistrates and judges about the importance of court judgments to obtain code compliance by unresponsive owners.

Denying permits should not impose significant costs on the City. The City of Johnstown has used the threat of permit denial successfully to motivate owners to correct code violations.

¹³ For the online database, please visit: <https://ujportal.pacourts.us/docketsheets.aspx>

Establish Registration for Vacant Properties: The City should adopt a requirement that owners of properties that are vacant or abandoned for a period of time (i.e., more than 45 days or 120 days) be required to register the properties with the City. The goal of a vacant-property registration ordinance is to preemptively address the burdens that problematic vacant properties place on the City. The owner should be required to pay an escalating annual fee to cover the costs of regular inspections and complaint responses. The new ordinance should also require the owner to submit a Statement of Intent, a short document that details a timeline for reactivating the property. Bethlehem will have the option to waive fees and penalties where the owner files a Statement of Intent and agrees to maintain their vacant property in accordance with local codes.

Nationally, hundreds of cities and counties have adopted vacant property registration ordinances. San Diego requires a Statement of Intent by owners of abandoned properties that proposes a rehabilitation plan and timeline to return properties to productive use as per San Diego Municipal Code Section 54.0315.¹⁴ The City of Erie has also enacted a vacant property registration ordinance requiring owners of vacant properties to obtain liability insurance.

Issue Quality-of-Life Tickets: Quality-of-life ticketing is a relatively low-cost method to address code violations as part of a data-driven, strategic code enforcement process. The goal of quality-of-life ticketing is to eliminate unsightly conditions on the exteriors of properties – such as high weeds and grass, trash, and abandoned vehicles, appliances, or furniture – that violate specific requirements of the City's property maintenance code. When code inspectors find a property violation, they issue a courtesy notice to the property owner in the form of a ticket or door hanger notice, along with a deadline for corrective action.

It is important that the City inspectors use a very gentle approach with vulnerable homeowners and offer loans and grants to owners who do not have the financial capacity to correct the violations cited. Rather than citations that are enforceable by the courts and require a hearing, quality-of-life violations are treated like parking tickets — fines and actions to correct the violations are due immediately. When the owner refuses to fix the condition or pay the fine, however, a citation is issued and the matter lands in court.

This once again places the onus on the courts to enforce the citation where the owner fails to fix the violation. A quality-of-life ticketing ordinance is designed to streamline the process of punishing violators, freeing up both the magisterial court system and municipal code officials, and ensuring that revenue from fines goes to local government. The ordinance also makes the process of paying a fine quicker and less expensive for owners and may identify small code violations when they can be corrected at low cost.

Many Pennsylvania cities, including Reading, Wilkes-Barre, and Hazleton have adopted quality-of-life ticketing and conducting sweeps in residential neighborhoods and along commercial corridors to check for code violations and notify owners of violations. The goal of these efforts is code compliance, so owners are typically informed in advance about the sweeps and provided with a list of the most common violations in order to encourage owners to make repairs prior to the date of the sweep.

¹⁴ To view the form, please visit: <https://www.sandiego.gov/sites/default/files/legacy/ced/pdf/intent.pdf>

***MVA Alignment:** A quality-of-life ticketing program could be piloted in middle markets (“C”, “D”, and “E” markets) for a 6- to 12-month period. Piloting the program in middle markets would provide an opportunity to test an approach in areas that are not the most difficult to serve, while also providing an opportunity to assess implementation and impact before adopting a citywide strategy. Also, a pilot program would allow the City to focus on refining implementation in the target area rather than focusing on consistent implementation across the entire city.*

Inter-Jurisdictional Collaboration

Action Steps	Expected Impacts
Attach Other Assets of Problem Property Owners	<ul style="list-style-type: none"> • New authority for the City to attach assets of owners who defy court orders to fix code violations • Enhanced motivation for owners to appear in court to defend valued assets • New authority to for the City recoup the costs of code enforcement and efforts to remedy serious code violations
Create a Housing Court/Blight Court with Specialized Judges Assigned	<ul style="list-style-type: none"> • New legal pathway to more effectively obtain court judgments against non-responsive owners
Establish Tax Sale Eligibility Standards	<ul style="list-style-type: none"> • New authority to disqualify blighted property owners from acquiring more properties through tax sale
Use a Fee for Each Deed and Mortgages Recorded to Demolish Blighted Properties	<ul style="list-style-type: none"> • New revenue stream for demolition of blighted properties that are dilapidated, unsafe, or too expensive to repair

Attach Other Assets of Problem Property Owners: Act 90 gives the City the power to attach the assets of an owner of a property to recover City costs used to improve the property or to obtain payment of owed fees and penalties. This law allows the City to attach an owner’s personal and real estate assets (including their wages and bank accounts), to recoup the costs of code enforcement, blight remediation, and demolition in situations where the owner fails to take substantial steps to correct a “serious violation” within six months of a final court order.¹⁵

To date, no municipality in Pennsylvania has completed asset attachment, but several have used a petition to the court to motivate a property owner to appear in court to defend his or her valued assets. The U.S. Supreme Court has held that property owners have a constitutional right to a notice and a hearing before their assets are attached.¹⁶

The City should adopt a local ordinance if they choose to employ this power. To attach an owner’s assets, an inspector must cite a property for substantial violations and reinspect the property in six months. Bethlehem must submit a writ of attachment to Common Pleas Court to obtain a levy of attachment. If an owner is an association or trust, no lien can be placed on the individual assets of the general partners or limited partners.

¹⁵ 53 Pa.S.C. 6111, 6112. See also City of Philadelphia Code, Administrative Code, Section A-503; City of Pittsburgh, Codified Ordinances, § 1001.10(b); Third Class Cities Code, 53 P.S. § 39133; First Class Township Code, 53 P.S. § 56519; Second Class Township Code, 53 P.S. § 66517; and Boroughs Code, 53 P.S. § 46202(24).

¹⁶ Connecticut v. Doe, 501 U.S. 1 (1991); Sniadach v. Family Finance Corp. of Bay View, 395 U.S. 337, 342 (1969).

Create a Housing Court/Blight Court with Specialized Judges Assigned: Under Act 90, a county Court of Common Pleas has the power to establish a housing court, provide “deteriorated property education and training for judges,” and create a related housing clinic to counsel code violators on their responsibilities to bring properties into compliance. The Team found that the City’s code enforcement would be greatly enhanced if the county courts provided training and assigned specialized judges to hear code enforcement actions in housing court. Similarly, the City may be able to more effectively obtain judicial judgments against non-responsive owners if the President Judge assigns blight-related cases to a single judge or set of judges.

The City’s code enforcement relies upon the courts to enforce laws where property owners repeatedly violate property maintenance laws in a manner that impacts health and safety. In Northampton and Lehigh County Commonwealth Courts, magistrates have been reticent to enforce the City’s property maintenance laws. Even where a magistrate’s order requires the owner to compensate the City for enforcement efforts or the upkeep of their property, collection is a significant challenge.

Starting a housing or blight court would allow courts and judges to develop expertise in the applicable law, produce consistent results, and adopt a problem-solving approach to cases. When judges adjudicate code violation cases week after week, their judgments tend to stop serial offenders and absentee landlords from exploiting a lack of interest in enforcement within the judicial system. Typically, a jurisdiction establishes set court days and assigns trained judges to hear the cases.

Philadelphia established a formal “blight court.” The same judge hears all the cases and is familiar with the law and the owners. Where possible, the City brings all properties owned by a single owner to court on a single day.

Establish Tax Sale Eligibility Standards: Lehigh and Northampton County Tax Claim Bureaus should set qualifications and performance requirements for eligibility to bid at tax sale. Such standards could prevent bad actors from obtaining further properties in the City. Under the Real Estate Tax Sale Law (RETSL), a Tax Claim Bureau may disqualify a property owner as a bidder at tax sale if the buyer is an owner who has outstanding code violations or a landlord whose rental license was revoked by a municipality in the same county.¹⁷ The Tax Claim Bureau may also establish a mandatory pre-registration process for buyers at tax sale.

The goal is to limit potential new owners of tax sale properties to those likely to care for their properties and maintain them up to code. Although bidders can be asked to complete affidavits asserting their eligibility, it is the responsibility of the county to verify that bidders qualify. Under law, the City has 20 days after tax sale to complete searches and challenge the sale before a deed is issued to the winning bidder. The City should coordinate with the Tax Claim Bureaus in Lehigh and Northampton counties to identify bidders who have tax delinquencies, code violations, or revoked rental licenses to disqualify them from buying properties.

¹⁷ 72 P.S. § 5860.619, Act 5 of 1998.

[Use a Fee for Each Deed and Mortgage Recorded to Demolish Blighted Properties.](#) On November 4, 2016, Governor Tom Wolf signed into law Senate Bill 486, amending the Recorder of Deeds Fee Law. The new law authorizes each county to charge a fee (up to \$15) for each deed and mortgage recorded to use towards demolition of blighted properties – funds collected under this bill may only be used for demolition. The City has used demolition sparingly over the years. That said, there are circumstances where properties are safety hazards, beyond repair, and in need of demolition. This new state authorized funding source can fund the total removal of a building where necessary so that the property can be repurposed.

Community-Led Activities

Action Steps	Action Steps
Develop Neighborhood Improvement Plans in Select Areas	<ul style="list-style-type: none"> • Identification of activities that can be accomplished by multiple parties over a period of time to revitalize a neighborhood • Development of a long-term financing plan using public and private resources • Coordination of multiple stakeholders from the public, non-profit, institutional, and private sectors for a unified purpose of redevelopment • Redeveloped blighted properties; increased housing supply; underutilized properties put back into productive use; enhanced neighborhood vitality; and improved amenities
Establish Non-Profit/City Partnerships to Repair and Rehabilitate Properties	<ul style="list-style-type: none"> • Reduced blight by converting blighted properties into usable commercial and residential structures • Leveraged public resources to expand the reach of other grants and private funds • Improved housing conditions for homes in need • Enhanced capacity for local non-profit organizations
Implement Community Volunteer Programs in Select Areas	<ul style="list-style-type: none"> • Enhanced involvement of community members in revitalization efforts • Improved conditions for vacant lots through community reuse projects • Improved public spaces through greening and beautification projects • Improved appearance and condition of homes through volunteer painting and other small projects
Encourage Conservatorship by Non-Profits, Businesses, or Individuals	<ul style="list-style-type: none"> • Improved and maintained blighted properties until there is market demand for reuse • Leveraged public, non-profit and private resources to expand their reach
Build Out Employer-Assisted Homeownership Programs	<ul style="list-style-type: none"> • Increased homeownership by incentivizing home purchases • Improved transportation efficiency by encouraging employees to live near their work • Enhanced engagement of key institutions with their respective neighborhoods

Develop Neighborhood Improvement Plans in Select Areas: B3 Committee members and City staff emphasized the need for neighborhood improvement plans to address blight at the neighborhood level, particularly in those block groups with the most pervasive signs of distress (“E”, “F”, and “G” markets) and in neighborhoods around Lehigh University and Moravian College.

To create a neighborhood improvement plan, multiple stakeholders engage in a months-long planning process that identifies critical issues and then develop visions, goals, and strategies for addressing those issues over the next 5 to 10 years. With respect to blight, neighborhood improvement plans might include housing rehabilitation, redevelopment of commercial corridors, reuse or redevelopment of vacant lots and buildings, and general beautification efforts. The plan may also address transportation, economic development, land use, education, recreation, and other categories deemed critical to the neighborhood.

Developing a neighborhood improvement plan is relatively straightforward. However, implementing a plan requires significant coordination and resources among the public and private sectors. The City may contribute funds to develop the plan, but implementation will rely on private market activity supported by public funds, notably from local non-profit organizations and foundations partnering with private developers.

Using the recommendations in this Plan, the City and its neighborhood partners should amend existing neighborhood plans, including the South Bethlehem Eastern Gateway Vision Plan and the North and West Side neighborhood plans, to include strategies and action steps that address blighted properties and distressed areas within the respective neighborhoods.

When implemented, the expected impacts of a neighborhood plan addressing blight and distress are improved housing conditions, neighborhood beautification initiatives, and the reuse of vacant, blighted properties. The cost of implementing a neighborhood plan varies widely. Cities may contribute CDBG and HOME funds for a range of activities, including predevelopment financing, infrastructure, economic development, and affordable housing initiatives (rentals and homeownership). Non-profit organizations will leverage these funds with other grants and private equity for redevelopment projects. In some instances, Cities may issue bonds or access additional revenue through tax-increment financing, a special sales tax or business district tax for major projects.

***MVA Alignment:** Neighborhood improvement plans to address blight at the neighborhood level could be particularly impactful in those block groups with the most pervasive signs of distress that are also home to community anchors and active community-based organizations, such as “E”, “F”, and “G” markets surrounding Lehigh University and Moravian College.*

Establish Non-Profit/City Partnerships to Repair and Rehabilitate Properties: The City currently provides funding to non-profit organizations to repair owner-occupied homes through its CDBG and HOME programs. The City and its partners can expand this program to include the acquisition and substantial rehabilitation of vacant, blighted properties. Expansion may include mixed-use buildings, multifamily rental housing, or homeownership. Currently, the City has limited CDBG and HOME resources (less than \$2 million annually). For this program to be practical, non-profit organizations will need to partner with private developers to access capital through more traditional financing tools or new grants. The City and B3 Committee members cited a lack of contractors as a barrier to expansion. The City should enhance its marketing to existing contractors and work with various training programs to bring these programs to scale. With increased collaboration between the City and its non-profit development partners, public dollars will increase leverage of private investment, and the increased capital will have a greater impact in rehabilitating blighted properties and repairing homes in poor condition.

As an example of where this has been effective is Westmoreland, West Virginia, the local non-profit Coalfield Development Corporation partnered with Community Works and Wayne County Economic Development Authority to acquire and rehabilitate a vacant, blighted clothing factory. The 93,000-square-foot building was once a clothing manufacturing plant that had laid fallow for decades. In 2014, the partnership acquired the property for \$110,000 to rehabilitate the building into a flexible commercial/retail/light-industrial space. It is now the West Edge Factory, providing gallery space, a business incubator, classrooms, and a training and production facility for refurbishing furniture.

***MVA Alignment:** The City should consider an approach to partner-based rehabilitation activity that incentivizes private market actors to concentrate their activities in “E”, “F” and “G” markets. The City can structure their CBDG, LIHTC, and City grant program applications to provide additional consideration for projects that involve collaboration between non-profits and local developers proposing to rehabilitate residential and commercial properties in these areas.*

Implement Community Volunteer Programs in Select Areas: A community volunteer program is an initiative led by a neighborhood organization, non-profit organization, church, or other community entity to encourage residents to engage in “soft” neighborhood improvement activities, such as neighborhood clean-up and hospitality assistance to residents and visitors. A community-led program could include projects specific to blight mitigation and remediation, including light home repairs, façade beautification, landscaping, and/or temporary stewardship and reuse of vacant, privately owned land at risk of littering and illegal dumping. The program could also expand its marketing through neighborhood groups and work with neighborhood volunteers to complete projects. The expected impact will be an increased level of civic engagement, and (depending on what projects are completed) improved neighborhood and housing conditions.

The cost to implement a community volunteer program ranges widely. The City may bear no cost, or it may opt to partially finance the program to leverage grant funds. Non-profit organizations and institutions typically take the lead and rely on grant support and donations. Donations may be financial or in-kind, the latter including volunteer hours, material donations from local hardware and garden stores, and donated professional services.

The McKeesport Community Ambassador Program in Pittsburgh, Pennsylvania, is an illustration of how an expanded program can transform vacant lots into gardens, recreation areas, and green spaces. Community residents with a desire to transform nearby vacant land volunteered for a one-year program as Community Ambassadors. In this role, they were responsible for developing and implementing a reuse plan with assistance from G-Tech and community organizations. With limited funding, the Community Ambassadors relied on the help of volunteers, cash donations, and in-kind donations to complete their projects. As a result, the neighborhood experienced increased civic engagement and volunteerism. Today, eight vacant parcels are now usable recreation space, completed with limited funds.

***MVA Alignment:** Similar to neighborhood improvement plans, community volunteer programs to address blight block by block could be particularly impactful in areas with challenges that do not necessarily require a capital-heavy, institutional response, i.e., not the most distressed areas, but those showing some signs of deferred maintenance that if left unchecked could become more serious concerns. Encouraging and incentivizing community volunteer programs in middle or stressed markets (specially*

“D”, “E”, and “F” markets) that are also home to active community-based organizations can have substantive impacts on local conditions, including neighborhood aesthetics, safety, and public health.¹⁸

Encourage Conservatorship by Non-Profits, Businesses, or Individuals: Conservatorship allows a third party appointed by the court to enter an owner’s property and make repairs to bring it up to code. Under Act 135, the Blighted and Abandoned Property Conservatorship Act of 2008, a neighbor, non-profit organization, municipality, school district, or redevelopment authority can petition a judge to appoint them to bring a neglected property into compliance with code standards.¹⁹ An owner can step in at any time to terminate the conservatorship, but the owner must reimburse the conservator for all costs incurred before regaining control of the property. Once the property has been rehabilitated, if the owner has not approached the court to regain possession after paying all costs, the conservator may seek the court’s permission to sell the property. This tool has been used extensively by non-profits across the state. The courts appointed the City a conservator to remedy significant code violations in the Goodman Building.

The Team recommends that non-profits, businesses, and individuals in Bethlehem employ this authority to become conservators where they are adversely affected by a property’s condition and market conditions support the sale and reuse of the property. The City can support increased use of conservatorship by facilitating training and raising awareness about this opportunity. The conservator has the power to borrow money against the value of the property to finance repairs and improvements, purchase materials needed for rehabilitation, take over existing leases, enter new leases for up to one year, receive public grants or loans, and sell the property with clear and marketable title. The conservator does not have to take ownership.

In 2014, the Conservatorship Act was amended to include vacant lots, increase the “developer’s fee,” and give neighbors, businesses, and non-profits who are located farther from the property the authority to file a petition for conservatorship.²⁰ The Housing Alliance Conservatorship Handbooks offer extensive information and sample documents on using conservatorship to eliminate blight.²¹

The expected impact of conservatorship is the conversion of blighted properties into viable, usable buildings for residential or commercial use. Additionally, the participation of non-profits and businesses in the future use of blighted properties increases the potential for partnerships to develop that can be creative in redevelopment.

The City bears no cost to implement the program other than basic administration, and conservators are reimbursed for their costs at the time of sale.

MVA Alignment: *The City should consider an approach to conservatorship that incentivizes private market actors to concentrate these activities in “E”, “F”, and “G” markets, but only in instances where prospective re-sale values will be high enough to provide a viable return on the effort required to bring problem properties back to productive use.*

¹⁸ Charles C. Branas et al., "A Difference-in-Differences Analysis of Health, Safety, and Greening Vacant Urban Space," *American Journal of Epidemiology* 174, no. 11 (2011): , doi:10.1093/aje/kwr273.

¹⁹ Abandoned and Blighted Property Conservatorship Act, Act of Nov. 26, 2008, P.L. 1672, No. 135. Cl. 68.

²⁰ Abandoned and Blighted Property Conservatorship Act - Initiation of Action, Appointment of Conservator, Powers and Duties of Conservator, Incurring Indebtedness and Sale of Property, Act of Oct. 22, 2014, P.L. 2557, No. 157, Session of 2014, No. 2014-157.

<http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2014&sessInd=0&act=157>

²¹ For the Housing Alliance Conservatorship Handbooks, please visit: <https://housingalliancepa.org/conservatorship-handbooks/>

Build Out Employer-Assisted Homeownership Programs: The B3 Committee identified an opportunity to address blight and encourage more homeownership opportunities within the city limits through an expanded employer-assisted homeownership program. Employer-assisted homeownership is a creative tool that incentivizes employees to purchase a home, often in targeted neighborhoods near their workplace. Typically, the employer provides financial assistance through discounted interest rates (in partnership with a local lender); down payment assistance; forgivable soft-second mortgages; and technical assistance (e.g. homebuyer assistance programs and counseling services). Often, the employer will partner with a local non-profit or its own non-profit affiliate to administer the program. In many cases, the employer will partner with the City as part of a neighborhood improvement plan and match funds that may be available. The program has flexibility in how it prioritizes its resources and can earmark benefits to specific neighborhoods and/or homes in need of repair. In Bethlehem, Lehigh University's existing employer-assisted homeownership program could be expanded and marketed as a neighborhood revitalization tool.

The impact of this expansion will likely be an increase in homeownership in South Bethlehem and an incentive for developers to rehabilitate properties into homes for purchase. The City may bear no cost in implementing the program or may opt to partially fund a down payment assistance program. Similarly, the employer may contribute funds for down payment assistance or soft second mortgages or may opt to incentivize the program through guaranteed loans, which bear minimal costs.

As one example, the University of Kentucky has a program that provides financial assistance to its employees to purchase homes within the neighborhoods surrounding the University to enhance and stabilize its immediate community and retain its new hires. The program offers forgivable loans of 5% of the purchase price, up to \$15,000 for full-time employees purchasing homes within the target area. The program is funded by the University, in partnership with Samaritan Hospital, Fannie Mae, local counseling agencies, and two affiliate banks.

In Pennsylvania, the University of Pennsylvania has a similar program, except that the University does not offer a forgivable loan but guarantees the loan, so that banks require \$0 down payment. The University partners with several banks in the community and requires potential homeowners to attend one counseling session prior to the home purchase.



Metrics for Monitoring Success

During the planning process, the B3 Committee identified goals, tools, and strategies to address blight and disinvestment in neighborhoods. Understanding the degree to which the recommended activities successfully address blight in Bethlehem requires a mix of metrics to track implementation of key activities as well as metrics to track progress toward meeting key goals. In consultation with City officials and the B3 Committee, the Team recommends that the City establishes a regular process to track key measures of implementation, track outcomes, and share progress with key stakeholders and the public. The City should also establish regular meetings with key implementation stakeholders to assess performance, discuss unforeseen challenges, and identify corrective actions. These meetings will establish regular lines of communication with key stakeholders and the broader public to ensure the transparency and accountability of the process moving forward.

The City will take a lead role in monitoring the implementation and outcomes and should develop a system to ensure that appropriate data are collected, organized, and summarized at regular intervals. However, the City's current data collection platform is not currently structured to efficiently collect, centralize, and report out the types of metrics required to assess implementation and progress to key outcomes. In addition, the time required to collect these data, organize them, and report out key metrics presents a staff capacity challenge for the City. The City should consider a range of options to enhance their data collection, storage, and reporting capacity, including updating the existing data collection platform, hiring staff dedicated to evaluation and assessment, and/or partnering with a third party to potentially create and maintain a data collection, storage, and reporting platform that will meet their needs.

Unless the City can modernize its ability to efficiently collect, store, and analyze data, the overarching goal of moving from a complaint-driven to a data-driven approach to combat blight will remain out of reach.

Tracking Implementation

The previous section recommended 17 different activities and tools the City could use to address blight in Bethlehem. While the Team believes in the promise of each of these recommendations to enhance the City's ability to effectively mitigate and remediate blighted properties across Bethlehem, it is unlikely that all the recommended activities can or will be implemented in the years ahead. However, as key activities move toward implementation, it will be critically important for the City to have a system in place to monitor key metrics for each activity to understand the degree to which different activities may be influencing changing conditions in different neighborhoods over time.

Table 5 is a preliminary set of implementation metrics for each of the 17 recommended tools and activities presented in the previous section.

Table 5: Implementation Measures

Leading Entity	Action Steps	Implementation Metrics
City	Data-driven code enforcement	<ul style="list-style-type: none"> Modern data collection processes to track property conditions and City activities adopted and implemented Initial inspection of all properties conducted System for re-inspection established based on results of initial inspection and market type Re-inspections conducted, and individual properties are re-prioritized for subsequent inspection
	Rental property license requirement	<ul style="list-style-type: none"> Ordinance passed requiring all rental properties to be licensed Number, and location, of properties licensed
	Limit student rental housing sign permits	<ul style="list-style-type: none"> Number of sign permits issued
	Home repair grant and loan programs	<ul style="list-style-type: none"> Dollar amount of grant and loan funds available for home repair Number, and location, of properties receiving home repair grants and loans
	Regulate single family home conversions and reconversions	<ul style="list-style-type: none"> Number, and location, of conversion requests approved by the Zoning Board Number, and location, of reconversion requests approved by the Zoning Board Number, and location, of properties receiving reconversion loans/grants
City and City Council	Permit denial	<ul style="list-style-type: none"> Ordinance passed granting the right to deny permits for owners with outstanding violations Number of permits denied
	Vacant property registration requirement/Statement of Intent	<ul style="list-style-type: none"> Ordinance passed requiring owners to register vacant properties after a specified time period Number, and location, of vacant properties registered
	Quality of Life Ticketing	<ul style="list-style-type: none"> Ordinance passed to begin issuing quality-of-life tickets for designated violations Number, and location, of quality-of-life tickets issued
Inter-Jurisdictional Collaboration	Asset Attachment	<ul style="list-style-type: none"> Ordinance passed to authorize asset attachment for long-term vacant/blighted properties #, and location, of properties subject to asset attachment
	Create Housing/Blight Court	<ul style="list-style-type: none"> Establishment of a Housing/Blight Court # of cases heard in Housing/Blight court
	Establish Tax Sale Eligibility Standards	<ul style="list-style-type: none"> Tax sale eligibility standards created % of people applying for tax sale purchases who are verified as eligible
	Impose Recorder of Deeds fee to pay for demolition	<ul style="list-style-type: none"> # and dollar amount of deed and mortgage fees collected
Community Led Activities	Neighborhood Improvement Plan	<ul style="list-style-type: none"> #, and location, of neighborhoods with neighborhood improvement plans #, and location, of neighborhood improvement plans being implemented
	Non-profit/City Partnership to repair, rehabilitate properties	<ul style="list-style-type: none"> #, and name, of non-profit partners able to repair/rehabilitate properties # of properties repaired/rehabilitated by non-profit partners
	Community Volunteer Program	<ul style="list-style-type: none"> #, and location, of neighborhoods with community ambassador programs #, and location, of community ambassador programs being implemented
	Conservatorship	<ul style="list-style-type: none"> #, and name, of private-sector partners able to repair/rehabilitate properties as conservators # of properties repaired/rehabilitated by private-sector conservators
	Employer assisted housing programs	<ul style="list-style-type: none"> #, and name, of companies/organizations with employer-assisted homeownership programs #, and location, of properties owned by participants in employer-assisted homeownership programs

Tracking Outcomes

To supplement the implementation metrics, the Team identified a set of quantitative and qualitative indicators to assess progress toward desired outcomes. These indicators were selected based on areas of concerns, project goals, and feasibility of measurement.

Quantitative Indicators

Table 6 identifies quantitative indicators related to the exterior condition of residential and commercial properties. Four broad categories are represented that reflect positive and negative qualities of residential and commercial properties: the number and type of residential properties, the number of blighted properties, enforcement activity, and investment. Supplemental to this report, the Team provided the City with a dashboard for tracking metrics over time.

Most of the recommended indicators are already being collected by the City of Bethlehem, Lehigh County, or Northampton County. Ongoing data collection efforts will need to be enhanced to ensure that all data are collected and reported in a consistent and timely manner, that the data are easily accessible across jurisdictions, and that the data are stored in a manner that will support efficient processing and analysis. Those indicators not collected by the three jurisdictions are available through federal data systems. Indicators obtained from federal data systems are typically in aggregated form, and separate data collection efforts may be required if more detailed information is necessary.

Table 6: Quantitative Outcome Measures

	Metrics
Residential Properties	# of housing units # of owner-occupied housing units # of “non-resident investor” owned residential rental properties
Distressed Properties	# of owner-occupied distressed properties (w/ score of 2.5 or above) # of renter-occupied distressed properties (w/ score of 2.5 or above) # of commercial distressed properties (w/ score of 2.5 or above) # of properties demolished
Enforcement/Condition of Properties	# of code violations for owner-occupied properties # of owner-occupied properties with multiple code violations # of code violations for rental properties # of rental properties with multiple code violations # of code violations for commercial properties # of commercial properties with multiple code violations # of citizen complaints regarding code violations received
Investment	Residential property sales prices # of building permits for owner-occupied residential properties # of building permits for rental residential properties # of building permits for commercial properties #/\$ amount of home repair grants/loans made for owner-occupied residential properties #/\$ amount of home repair grants/loans made for rental residential properties #/\$ amount of repair grants/loans made for commercial properties

When implementation begins, baseline measures for each indicator should be used to benchmark progress in the future. These benchmarks provide a reference point for assessing progress – but what progress means should be interpreted differently for strong, middle, and stressed markets.

Qualitative Indicators

In addition to the quantitative indicators listed in Table 6, qualitative measures will also provide the City with residents' perspectives about conditions in their neighborhoods. Table 7 presents measures related to assessing the residents' perceptions of neighborhood conditions. The qualitative measures will be collected using a combination of surveys, including a resident satisfaction survey currently being developed by the City and community surveys administered by local universities and colleges but with modifications to the content and sampling.

Table 7: Qualitative Outcome Measures

- Housing safety in their neighborhood
- Progress to address blight in their neighborhood
- Progress to address blight in city overall
- Overall neighborhood conditions
- Overall well-being of the city
- Attachment to their neighborhood
- Attachment to the city overall





Next Steps

The adoption of this action plan as a framework to moving towards a data-driven approach to addressing blight in Bethlehem marks a critical moment for the City. The City and its partners are well positioned to implement many of the recommended activities proposed in this plan and a variety of the legal and community-development tools cited are already operational. The City knows where its primary challenges are located, and these challenges are not so great that they've overwhelmed individual neighborhoods.

Moving towards a data-driven approach to combating blight will require additional resources and skills – resources to modernize data collection and reporting practices; resources to expand existing redevelopment and home maintenance supports; and the skills to use data to strategically deploy scarce public dollars that leverages existing strengths of individual places and incentivize the support of private market actors to maintain stable communities and redevelop those in greater need.

Without the sustained support of the City, City Council, the Counties, and local institutions the City's plan to adopt a data-driven approach to blight mitigation and remediation will remain unfulfilled.

Starting in May 2018, Bethlehem public and private sector leaders will work jointly to implement this report's recommended strategies to modernize and strengthen the City's blight fighting capabilities. The more than 20 committed public and private leaders that collaboratively created this action plan have committed to form four implementation teams. The four implementation teams align with the four types of strategies recommend in the action plan:

- City – implement tools and programs that City staff can adopt without new policy;
- City & City Council – implement tools and programs that will require some legislation to be passed by Council;
- Inter-Jurisdictional – implement tools and programs that will require the cooperation of the counties; and
- Community Based – implement tools and programs that will require collaboration and leadership from community-based organizations.

This extraordinary collaboration will allow Bethlehem to coordinate existing capacities and resources and to target resources to the neighborhood markets where they will have the highest impact as part of a data-driven blight reduction framework.

To learn more about the Bethlehem Blight Betterment Initiative, please visit www.bethlehem-pa.gov



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